APPROVED: **DATE:**

WORKPAPER ORGANIZATION AND CONTROL

I. PURPOSE

To establish a standardized method for preparing and indexing workpapers, for cross-referencing to the Audit Program and Results (APR) file, and for controlling workpaper quality and information retrieval.

The objectives of workpaper organization are to:

- Provide a clear audit trail so that any reviewer can easily verify what was done, why it was done and the conclusions that resulted;
- Organize workpapers according to audit issues;
- Cross-reference workpapers to the Audit Program and Results file and to other related workpapers; and
- Provide referenced evidence for the elements of a Finding: Condition, Criteria, Cause, Effect, and Recommendations.

II. GENERAL

A. During an audit, workpapers are prepared to document and support audit issues. At a minimum, each lead workpaper in a series (including electronic workpapers prepared with either word processing or spreadsheet software) should include the following information and/or headings:

- Name of the agency audited;
- Job number;
- Workpaper index number;
- Subject (Title) of the workpaper;
- Purpose of the workpaper;
- Source of the information;
- Legends as appropriate;
- Name of the auditor preparing the workpaper;
- Date prepared;
- Initials of the auditor who performs a supervisory review of the workpaper; and
- Conclusion, summary or results as appropriate.

Workpapers should be complete accurate, legible, and neat.

Procedure 4-03 discusses the Audit Program and Results File. This procedure may at times cause duplication of work from the workpaper to the APR. Therefore, the auditor should use judgment and consider the following alternatives to avoid duplication of effort:

1) If a workpaper to be prepared is brief (less than a page), and has no attachments, then the results can be recorded directly on the APR at the corresponding audit step and a separate workpaper does not have to be prepared. The source of the information may be either annotated or included in the text. At the Section Index, be sure to note, "See APR" at the audit step number.

2) If a prepared workpaper is a spreadsheet or quantitative analysis, then the "Conclusion, summary or results" section of the workpaper may be recorded directly on the APR. On the workpaper, note "See APR" at the summary section.

B. Workpapers should be indexed by page and section as follows:

1) Page Indexing

a. Match the workpaper index to the audit step.

For example: D-1.1/4-3

D-1.1 is the APR audit step. The 4 identifies the fourth workpaper prepared for the audit step. The 3 identifies the third page of the workpaper.

This method provides cross-referencing from the workpaper to the APR. However, when one workpaper evidences more than: one audit step, match the workpaper index number to the most appropriate audit step number. It may be useful under the "Purpose" section of the workpaper to include a reference to the additional steps.

2) Section Indexing for Audit Objectives

For each of the following audit objectives refer to the respective procedure for a detailed discussion of each objective.

Audit Objective	**Procedure Number**
A: Audit Administration	5-03-1
B: Preliminary Survey	5-03-2
C: Risk Assessment	5-03-3
D,E,F, etc: Field Work	5-03-4
Z: Report Writing, Processing, and Quality Control	5-04-1

Some documents, such as annual reports, other reports, or documents may be too large to attach to workpapers. These documents should be indexed under "Section X: Bulky and Oversize Documents". Number these sequentially, and maintain an accurate table of contents.

Certain workpapers which are prepared for Audit Objectives B through Z, such as the APR's and Review Sheets need to be filed in the Audit Administration File Binder. These documents succinctly encompass the critical elements of the audit. The procedure for filing these documents is as follows:

a. Assign the workpaper an index number relating to the Audit Step.

For example:

Z-2/1-1 Finding Development Sheet

b. At the place in the binder for Objective Z where Z-2/l-l would normally be filed, insert a sheet of paper, number it Z-2/1-1 and note on it: "Workpaper filed at A-4/1-l".

c. On the original Z-2/1-l workpaper write "A-4/l-1" next to the workpaper number and file it at A-4/1-1. Do not renumber the rest of the pages in the workpaper.

d. The only exception to this procedure pertains to the filing of the APR documents. For each APR:
   1) File the original final approved APR for each audit objective at A-5.

   2) File a copy of the final approved APR for an audit objective in the workpaper binder for that audit objective.

Attachments 5-02-D through 5-02-H show samples indexes. Copies can be downloaded from the City Auditor's network folders.

C. Workpapers should be cross-referenced as follows:

1. The APR file should be cross-referenced back to the workpapers using annotations.

2. As audit tasks are completed, the Audit Standards Plan and the Project Management Documentation Checklist are cross-referenced back to the workpapers. Fill in the blanks in the Workpaper Reference column.

3. In addition, workpapers should be cross-referenced to other source workpapers, as applicable. The references can be noted as follows:

   a) In the "Source" section of the workpaper.
   b) Through the use of annotations.
   c) Throughout the workpaper text, as appropriate.

D. Workpaper quality control involves the continuous monitoring of workpaper format, content, indexing and cross-referencing. For a complete explanation of the Internal Quality Control Program refer to Procedure 5-01.

E. Electronic workpapers in-progress should be backed up every evening.

F. All workpaper binders and boxes are identified using the forms shown at Attachment 5-02-B and 5-02-C, respectively. Copies of the templates are available from the Senior Office Specialist.

G. All workpapers are retained for at least three years following the issue date of the report.

III. **PROCEDURE**

A. The Supervising Auditor is responsible for the implementation of this procedure.

1. Performs the Supervising Auditor Reviews as outlined in the Internal Quality Control Program Procedure 5-01.

2. Performs the Final Quality Assurance Review as outlined in Procedure 5-01. Signs the Working Papers form for storage boxes shown at Attachment 5-02-C evidencing the Final Quality Assurance Review.

B. In-Charge Auditor

1. During the course of the audit, monitors the workpapers of the Audit Staff to ensure proper format, content, indexing, and cross-referencing. Completes In-Charge Workpaper Review Sheets as described in Procedure 5-01, and requests staff to resolve any problems. Initials the lead workpapers to indicate completion of the In-Charge Review of workpapers prepared by other auditors. Also ensures that workpapers are appropriately filed according to II.B.

2. At job completion, ensures that:

a. Workpaper binders are properly identified using the form shown at Attachment 5-02-B, taped to the front of the binder.

b. Boxes storing workpaper binders are properly identified using form shown at Attachment 5-02-C, taped to the front of the box.

      c. Confidential information including documents that by law or regulation are considered proprietary and should be marked as such.

C.   Audit Staff

    1. At job start, prepares workpaper index in accordance with II.B.
    2. During the course of the audit, prepares lead workpapers and attachments to include the information prescribed in II.A.

    3. At job completion, properly identifies: confidential workpapers, binders, and boxes.

D.   Senior Office Specialist

    1. At job completion, ensures that the workpapers are stored appropriately for the required three-year retention period.

    2. Retrieves workpapers from storage as necessary.